

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00  
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06  
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /097 W  
-----290708Z 017483 /20

R 290645Z DEC 76  
FM USLO PEKING  
TO SECSTATE WASHDC 6989  
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 2660

E.O. 11652: GDS  
TAGS: ETRD, CH, US  
SUBJ: DRESSER CONTRACT FOR OIL WELL LOGGING EQUIPMENT

1. A DRESSER INDUSTRIES DELEGATION HEADED BY E.C. BROUN, PRESIDENT OF DRESSER'S PETROLEUM SERVICES GROUP, RETURNED TO PEKING JUST BEFORE CHRISTMAS TO NEGOTIATE THE FINAL DETAILS OF THE SALE OF TRUCK-MOUNTED OIL WELL LOGGING EQUIPMENT (THE INITIAL CONTRACT WAS SIGNED IN NOVEMBER, 1975. FINAL AGREEMENT ON A PROTOCOL TO THE CONTRACT HAS BEEN REACHED AND IS SCHEDULED TO BE SIGNED WITH THE TECHNICAL IMPORT CORPORATION ON DECEMBER 30.

2. THE PROTOCOL INCLUDES THE ADDITIONAL SALE OF SPARE PARTS VALUED AT \$500,000 AND SPECIFICALLY ELIMINATES FROM THE ORIGINAL CONTRACT THE SALE OF OCILLISCOPEs AND THE DYNAMIC CONTROL PORTION OF THE COMPUTER (THE TERMS OF THE EXPORT LICENSE BLOCKED THE SALE OF THESE TWO ITEMS). DESPITE THE RESTRICTION IN THE LICENSE, TECHIMPORT OFFICIALS IN RECENT MONTHS HAVE CONTINUED TO PRESS DRESSER TO FIND SOME MEANS OF REVERSING THE DECISION AND INCLUDING  
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THE ITEMS. DRESSER REFUSED TO DO SO AND ONLY AFTER THE GROUP ARRIVED IN PEKING FOR THIS VISIT DID THE CHINESE AGREE TO THE CHANGE.

3. THE CONTRACT INCLUDES PROVISIONS FOR A THREE MONTH TRAINING PROGRAM OF CHINESE ENGINEERS AND TECHNICIANS

AT DRESSER HEADQUARTERS IN HOUSTON. A GROUP OF THIRTY-SEVEN IS SCHEDULED TO BEGIN TRAINING ON JANUARY 10 (HOWEVER, USLO HAS NOT YET RECEIVED VISA REQUESTS FROM MFA).

4. THE TOTAL CONTRACT, INCLUDING PROTOCOL, IS NOW WORTH JUST UNDER \$24 MILLION. THE EQUIPMENT IS SCHEDULED TO BE SHIPPED FROM HOUSTON BY MAY 1, 1977. US TECHNICIANS ARE TO TRAVEL TO THE PRC TO ASSIST THE CHINESE IN THE FINAL TESTING AND ASSEMBLY OF THE EQUIPMENT.

5. THE GROUP WAS INTRIGUED BY THE FACT THAT FOR THE FIRST TIME THEY RECEIVED THEIR PRC VISAS FROM PRCLO IN WASHINGTON RATHER THAN THROUGH THE PRC EMBASSY IN OTTAWA. PREVIOUSLY THE CHINESE HAD INSISTED THAT OTTAWA BE THE POINT OF CONTACT.

6. THIS MESSAGE CONTAINS COMMERCIALY SENSITIVE INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE U.S.G.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, SALES, TRADE VISITS, NEGOTIATIONS, EXCAVATING EQUIPMENT, OIL FIELDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976PEKING02660  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760474-0872  
**From:** PEKING  
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**Line Count:** 80  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ellisoob  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 APR 2004 by BoyleJA>; APPROVED <03 AUG 2004 by ellisoob>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DRESSER CONTRACT FOR OIL WELL LOGGING EQUIPMENT  
**TAGS:** ETRD, BTRA, CH, US, (BROUN, E C)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006